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## APPENDIX.

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### AN ACT CONCERNING INSURANCE IN CASE OF DISABILITY AND OLD AGE.\*

(*German Empire, June 22, 1889.*)

#### I. EXTENT AND SUBJECT OF INSURANCE.

##### *Insurance Compulsory.*

§ 1. According to the provisions of this act there are insured, beginning with the close of the sixteenth year of life:—

1. Persons who are employed at wages or salary as workmen, assistants, journeymen, apprentices, or domestic servants;

2. Administrative officers, and assistants and apprentices in mercantile establishments (exclusive of assistants and apprentices employed by apothecaries) who receive wages or salary, but whose yearly earnings from such wages or salary do not exceed 2,000 marks;

3. Persons employed at wages or salary as sailors on sea-going vessels, and on vessels employed in internal commerce; but vessels which have the privilege of carrying the imperial flag under Art. II., § 7, ¶ 1, of the Act of March 15, 1888, are not German sea-going vessels in the sense of this act.

§ 2. The Bundesrath may extend the provisions of § 1 for specified occupations, as follows:—

(1) To employers who do not employ regularly at least one workman; (2) without regard to the number of workmen employed, to such employers as carry on in their own establishments, at the order and for the account of other business men, a mechanical occupation (household industry). The provisions can be extended to these latter, even though they buy their own materials, and may be extended also for periods during which they work temporarily on their own account.

The Bundesrath may further determine that business men, at whose order and for whose account the persons mentioned in the preceding paragraph worked, shall be held to account in fulfilling the obligations imposed by this act on employers, both in regard to

\* Instead of a translation in full, an abstract is given of some of the less significant sections of the act. Sections so treated are indicated by brackets [ ].

the persons carrying on the household industry and to their assistants, journeymen, and apprentices.

§ 3. *Tantièmes* and payments in kind count as salary or wages, according to their average value, which is determined by the lower administrative authorities.

Where board and lodging only are given in return for work, the occupation shall not give rise to compulsory insurance. The Bundesrath may determine in how far services of a temporary sort shall not be considered as occupations giving rise to compulsory insurance.

§ 4. Officers of the empire or of a federal state, officers employed by communes and having a right to a pension, and persons in the military service who may be employed as workmen at wages, are not subject to the compulsion to insure.

The compulsion to insure shall not apply to those persons who are unable, in consequence of physical or mental disability, to earn, by work suited to their strength and capacity, at least one-third of the sum which is fixed for the place of their occupation under § 8 of the Act of June 15, 1883, for Insurance against Sickness, as the daily wages of ordinary laborers. Nor shall the compulsion to insure apply to those persons who draw a pension for disability under the present act.

Persons who draw from the empire, from a federal state, or from a communal body, a pension or other payment of the same sort, amounting at the least to the minimum pension for disability, and persons who are in receipt, through the imperial legislation on accident insurance, of a yearly pension of the same minimum amount, shall be freed, on their own application, from the compulsion to insure. The decision on that application rests with the lower administrative authority of the place where they are employed. Against that decision appeal lies to the next higher authority, whose decision is final.

[§§ 5, 6, 7, provide that persons employed in public industries, whether carried on by the empire or federal state or a local body, may be insured in separate associations to be set up for these industries. In general, it is required that these associations shall yield at least as much in the way of pensions as the act itself, and shall require no larger contributions from the persons insured.]

#### *Self-insurance.*

§ 8. Persons of the classes enumerated in § 2, ¶ 1, to whom the Bundesrath has not extended the provisions of § 1, and who have not yet completed their fortieth year, and are not permanently disabled

in the sense of § 4, ¶ 2, are entitled to insure themselves in the second wages class (§ 120) according to the provisions of this act.

*Subject of Insurance.*

§ 9. The subject of insurance is the right to a pension in case of disability or old age.

The pension in case of disability shall be given, without reference to the age of the person insured, if he is permanently disabled. If disability is the result of an accident, a pension shall only be granted if the imperial legislation on accident insurance does not yield a pension, provided, however, that the provisions of § 76 shall hold good.

Disability exists if the person insured is unable, because of his mental or physical condition, to earn, by work suited to his strength and capacity, a sum to be ascertained as follows: one-sixth of the rate of wages (§ 23), which has been the basis of the contributions paid on his account during the previous five years of contribution, is to be added to one-sixth of the product obtained by multiplying by three hundred the average daily wages of ordinary laborers as determined by § 8 of the Act for Insurance against Sickness of June 15, 1883, the locality taken into account being that in which the person insured was last employed otherwise than temporarily.

The pension for old age is given, without proof of disability, to every person insured who has completed his seventieth year.

§ 10. The pension for disability is given also to persons insured, not permanently disabled, who have yet been disabled uninterruptedly during one year. The pension then continues so long as disability continues.

§ 11. No person shall have a claim to a pension for disability who is proved to have brought about the disability intentionally, or in the course of committing a crime of which he has been judicially convicted.

§ 12. Every Insurance Office shall have the power to undertake the care of persons who are sick, to the extent defined in § 6, ¶ 1, of the Act for Insurance against Sickness, provided that such persons are not affected by the imperial provision for sickness, and provided, also, that the sickness is such as may give rise to a disability which would entitle the person to a pension under this act.

Every insurance association, further, has the power to require that the sick association, if any, to which the person insured belongs, or has last belonged, shall undertake the care of such person in the manner which the Insurance Office considers necessary. The expenses arising from care so required shall be paid by the Insurance Office. These expenses shall be considered to be one-half of the mini-

mun sick-pay yielded by the Act for Insurance against Sickness, unless it be proved that higher expenses were incurred.

Disputes between Insurance Offices and sick associations arising from the enforcement of the privileges just mentioned shall be decided, without appeal, by the authority which supervises the sick association concerned. Disputes in regard to the sums to be repaid the sick association are decided by the administrative authorities, or by the courts of law if there be no administrative authority having jurisdiction.

If a person insured becomes disabled in consequence of sickness, and has made it impossible to apply to him the measures described in the first and second paragraphs of this section, his right to a pension in case of disability ceases, provided his disability is, presumably, the consequence of his refractory behavior.

[§ 13 gives the communes the right to pay in kind the pensions of workmen in agriculture and forestry whose wages have been customarily paid in kind ; and also to pay in kind the pensions of habitual drunkards. In either case, the commune is subrogated to the money rights of the pensioners.]

§ 14. If the person entitled to a pension is a foreigner, and gives up his residence in the German empire, his claim may be settled in full by paying him three times his annual pension.

*Conditions under which Rights arise.*

§ 15. In order that a right to a pension in case of disability or old age shall arise, it is necessary, over and above the proof of disability or old age, (1) that the prescribed waiting-time shall have passed by ; (2) that contributions shall have been paid.

§ 16. The waiting-time is five years of contribution in the case of the pension for disability, thirty years of contribution in the case of the pension for old age.

§ 17. Forty-seven weeks of contribution (§ 19) constitute a year of contribution. Weeks of contribution, whether or not they fall in different calendar years, shall be counted together until a year of contribution has been secured, anything to the contrary in § 32 notwithstanding.

The following periods shall be counted as periods of contribution : periods of illness of seven days or more for persons who have entered into an occupation giving rise to the compulsion to insure, and who have been prevented from continuing in that occupation by sickness which has been certified and has caused disability to work ; periods of compulsory service in the army in times of peace, of mobilization, or of war ; and periods of voluntary military service in times of mobilization or of war.

Periods during which a person has been sick are not to count as periods of contribution, if the sickness was brought about intentionally, or occurred in the course of committing a crime of which judicial conviction has taken place, or was the result of drunkenness, sexual excesses, or criminal participation in brawls.

Periods of sickness lasting uninterruptedly longer than one year shall not count as periods of contribution for more than that year.

§ 18. Proof of the existence of sickness, under § 17, is given by the certificate of the officers of the sick association to which the person insured belongs. For any time exceeding that for which aid in case of sickness is granted by the sick association, and for all persons not belonging to a sick association, the certificate of the communal authorities is required to prove sickness. The officers of sick associations are required to make out such certificates, and for failure to do so may be punished by the supervising authorities by fines not exceeding 500 marks.

For persons employed in industries of the empire or other federal states, the certificates may be made out by the officers in authority.

The proof of military service is made by presentation of the usual military papers.

#### *How the Funds are raised.*

§ 19. The funds for paying the pensions prescribed by this act are contributed by the empire, by the employers, and by the persons insured.

The empire makes its contribution by fixed supplements to the pensions actually paid every year.

The employers and the persons insured pay contributions continuously. These contributions are equally divided between employers and the persons insured (§ 116), and are to be paid for each week in which the person insured has been engaged in an occupation such as gives rise to the compulsion to insure.

§ 20. The contributions per week of contribution are to be settled in advance for each Insurance Office (§ 41). They are to be first settled for a period of ten years after this act takes effect, thereafter for each five years.

The contributions are to be so fixed that they shall yield, after due allowance for the deficiencies arising from sickness (§ 17, ¶ 2), all expenses of administration, a reserve fund (§ 21), all sums necessary for the repayment of contributions (§§ 30, 31), and, finally, the capitalized value of the sum which the Insurance Office shall have to contribute to the pensions likely to accrue in the period for which the contributions are raised.

§ 21. For the first period of contribution, the sums to be raised for the reserve fund shall be so fixed that, at the close of the period, the reserve fund will amount to one-fifth of the capitalized value of the pension payments due by the Insurance Office in that period. If the reserve fund at the close of the first period of contribution does not reach this amount, it is to be raised to that amount in the next following periods of contribution. The manner in which it shall be distributed among these next following periods of contribution is subject to the approval of the Imperial Insurance Bureau. The by-laws of the Insurance Office may determine that the reserve fund shall be double the required amount. The reserve fund and interest on it can be touched, so long as it has not reached the required amount, only in case of stringent necessity, and with the consent of the Imperial Insurance Bureau.

*Wages Classes.*

§ 22. The persons insured are divided, according to their annual earnings, into the following classes, for the purpose of determining their contributions and their pensions: —

Class 1.	Persons earning up to 350 marks, inclusive.
“ 2.	“ “ from 350 “ up to 550.
“ 3.	“ “ “ 550 “ “ 850.
“ 4.	“ “ “ more than 850 marks.

[The remainder of this section provides how the annual earnings are to be ascertained. For this purpose the machinery of the earlier insurance acts, which already provide for ascertaining and registering the wages of persons insured by them, is utilized. Where this source of information is not available, the annual earnings are to be assumed at three hundred times the daily wages of common laborers.]

§ 23. The rate of wages (§ 9, ¶ 3) shall be taken to be

For Wages Class 1,	300 marks.
“ “ “	2, 500 “
“ “ “	3, 720 “
“ “ “	4, 960 “

§ 24. The contributions must be varied, according to the wages classes, in such manner that the sums received from each wages class shall cover the obligations which the Insurance Office assumes in favor of the persons insured by those payments. In calculating this obligation, the probable additions to it from self-insurance and from voluntary insurance must be taken into account.

In any Insurance Office, the contributions for persons insured in the same wages class may vary for different occupations: with this ex-

ception, the contributions for all persons insured in any one Insurance Office in the same wages class shall be the same.

*Calculation of the Pensions.*

§ 25. Annual pensions (for the calendar year) shall be calculated. They shall consist of the sum payable at the Insurance Office, with the modification stated in § 28, ¶ 2, and of the fixed supplement from the empire.

§ 26. In calculating that part of the pension in case of disability which is payable by the Insurance Office, a fixed sum of 60 marks is the basis. This sum rises with each completed week of contribution :—

In Wages Class 1, by 2 pfennigs.	
“ “ “ 2, “ 6 “	
“ “ “ 3, “ 9 “	
“ “ “ 4, “ 13 “	

In calculating the pension in case of old age, the sum payable by the Insurance Office is, for each week of contribution :—

In Wages Class 1, 4 pfennigs.	
“ “ “ 2, 6 “	
“ “ “ 3, 8 “	
“ “ “ 4, 10 “	

In this calculation 1,410 weeks of contribution shall be counted. When contributions for more than 1,410 weeks have been paid for any person insured in different wages classes, those 1,410 weeks are counted in calculating his pension during which the largest contributions have been made.

The supplement from the empire is 50 marks yearly for each pension.

The pensions are to be paid monthly, in advance.

[§ 27 prescribes a similar mode of fixing the pensions of persons insured in the separate associations permitted by §§ 5, 6, 7.]

§ 28. For the periods of certified sickness and of military service which count as periods of contribution according to § 17, the rates of Wages Class 2 are reckoned.

That part of the pension which is based on military service is borne by the empire (§ 89).

§ 29. The pension in case of disability begins with the day on which the ability to do work was lost. That day, unless otherwise fixed by the decision on the application, is the day on which the application has been filed with the lower administrative authorities (§ 75).

The pension in case of old age begins, at the earliest, with the first



day of the seventy-first year of life. It ceases, if the same person is given a pension for disability.

*Repayment of Contributions.*

§ 30. Women who marry before coming into receipt of a pension have the right to the repayment of one-half of the contributions paid on their account, provided, however, that these contributions have been paid during at least five years of contribution. The claim for repayment must be presented within three months after the marriage. With this repayment, any expectancy of a pension based on the previous connection with the insurance system shall cease.

§ 31. In case of the death of a man on whose account contributions have been paid for at least five years of contribution, and who has not come into the receipt of a pension, his widow, or, if there be no widow, his legitimate children under fifteen, have a right to the repayment of one-half the contributions which have been paid on his account. In case of the death of a woman on whose account contributions have been paid for at least five years of contribution, and who has not come into receipt of a pension, her fatherless children under fifteen have a right to the repayment of one-half the contributions paid on her account. These provisions, however, shall not hold good if a widow or children secure a pension through the Act for Insurance against Accident.

*Cessation of Expectancy.*

§ 32. The expectancy of a pension which arises under this act ceases, if, during four successive calendar years, contributions, either voluntary or compulsory, have not been paid for a total of forty-seven weeks of contribution. This expectancy revives, if a person re-enters an occupation which gives rise to the compulsion to insure, or voluntarily renews his contributions, and if thereafter five years of contribution have passed.

*Changing Circumstances.*

§ 33. If a change takes place in the condition of a person receiving a pension for disability, whereby he becomes no longer completely disabled (§ 9), he can be deprived of his pension. The pension ceases on the day on which the person has been informed of the decision by which it was brought to an end. If a pension, once withdrawn, is regranted, the earlier period during which it was received is to be counted in favor of the person insured as if it were a period of certified sickness (§ 17, ¶ 2).

§ 34. The right to a pension established by this act ceases: (1) for

those persons who are in receipt of a pension through the Act for Insurance against Accident, so long and in so far as their pension for accident, added to the pension assured them by the present act, exceeds the sum of 415 marks; (2) for administrative officers and persons in military service, such as are mentioned in §§ 4, 7, so long and in so far as the pensions granted to these, added to the pensions assured to them by the present act, exceed the sum of 415 marks; (3) so long as the person is punished by imprisonment for more than a month, or so long as he is placed in a workhouse or reformatory institution; (4) so long as the person insured does not live within the country; but the Bundesrath may suspend the operation of this last provision for specified districts.

[§ 35 provides that the obligations which the Poor Law imposes on communes are not to be affected by the act. If Poor Law aid is given to a person insured by the act, the commune rendering the aid becomes in so far subrogated to the person's pension. §§ 36, 37, 38, regulate the relations of independent friendly societies to the act; the important provision being that, if such societies undertake to give superannuation allowances, they may diminish their allowances by the amount of pensions secured by the act, provided that they lower their premiums correspondingly. By § 39, any rights which a person disabled by injury, and thereby entitled to a pension, has as against third persons, are transferred to the Insurance Office to the amount of the pension it gives. By § 40, pensions cannot be legally transferred, forfeited, or pledged.]

## II. ORGANIZATION.

### *Insurance Offices.*

§ 41. Insurance under this act is carried by Insurance Offices [*Versicherungsanstalten*], which each federal state shall establish, for communal associations in its territory or for the whole of its territory.

A joint Insurance Office can be established for several federal states or parts of states, and also for several communal associations in any one state. All persons whose place of occupation lies within the district of the Insurance Office are insured in that office. The place of occupation is the seat of the industry, for all industries carried on within the country.

§ 42. The establishment of Insurance Offices must have the approval of the Bundesrath. If that approval has not been granted, the Bundesrath, after a hearing to the governments of the federal states concerned, may order the establishment of Insurance Offices.

§ 43. The seat of the Insurance Office is determined by the federal

government. If the Insurance Office is established for several federal states or parts of states, and if these cannot agree where the seat of the Insurance Office is to be, the Bundesrath shall determine it.

§ 44. An Insurance Office can acquire rights and enter into obligations, can sue and be sued. Its assets are subject to the demands of its creditors. If the assets do not suffice to meet the liabilities, the communal association for which it is established is liable. If the communal association has no assets, or if the Insurance Office has been from the outset established for a federal state, the federal state is liable. If an Insurance Office is established for several communal associations or federal states or parts of states, and if it is unable to meet its liabilities, the debts shall be divided among these bodies in proportion to their population.

The property of the Office cannot be devoted to other purposes than those specified in this act. Separate accounts are to be kept of its receipts and expenses; its assets to be kept separate. The Office shall not undertake any functions beyond those prescribed by this act.

[§ 45 provides for the manner in which the initial expenses of the Insurance Offices are to be advanced by the communal association or federal state, as the case may be, and are afterwards to be repaid from the funds of the office.]

#### *Governing Body.*

§ 46. The Insurance Office is administered by a Governing Body [*Vorstand*], except in so far as specific functions are delegated by this act, or by by-laws under it, to the Committee or other officers. The Governing Body represents the Insurance Office in all judicial or extra-judicial proceedings, including any for which the law may require special powers of attorney. The by-laws of the office shall determine in what manner the office shall be represented as against the Governing Body.

§ 47. The Governing Body of the Insurance Office has the attributes of a government office. Its business shall be conducted by one or more public officers of the communal association or federal state for which the office is established. These public officers are appointed by the communal association or by the federal state, as the legislation of that state may determine. The emoluments of these officers shall be paid by the Insurance Office.

The by-laws may further determine that other persons besides the public officers just mentioned shall be members of the Governing Body of the office. Such may or may not receive pay, as the by-laws may determine. In so far as these persons receive salaries, the condi-

tions under which they are to be appointed are to be settled by the Committee (§ 48) or, if the regulations so determine, by the Advisory Board (§ 51). The form in which the Governing Body is to make its decisions known, and is to affix its signature on behalf of the Insurance Office, shall also be determined by the by-laws.

*The Committee.*

§ 48. For every Insurance Office there is a Committee [*Ausschuss*], which shall consist of at least five representatives of the employers and at least five representatives of the persons insured. The number of these representatives shall be first settled by the government of the federal state, and, when the by-laws have been once finally settled, by the by-laws. The number of representatives of employers and of persons insured must be the same. These representatives shall be elected by the officers of the sick associations which exist within the district of the Insurance Office. In so far as there may be persons of the classes enumerated in § 1 who belong to no such associations, the governments of the federal states shall arrange that the communal associations, or the communal sick associations, have a voice in the election of representatives in proportion to the number of such persons. If the officers of the various sick associations consist partly of representatives of employers and partly of representatives of workmen, the employers only shall vote in the election of the employers on the Committee, the workmen only in the election of the workmen on the Committee.

[§§ 49 and 50 make further detailed regulations as to these elections.]

*Other Officers.*

§ 51. The by-laws may further establish a Supervising Council [*Aufsichtsrath*]. Such a Supervising Council must be established, if there are in the Governing Body no representatives of employers and of persons insured. The Supervising Council shall watch the conduct of the business of the office by the Governing Body, and shall perform such other functions as are prescribed by the by-laws. If a Supervising Council is formed, its members must conform to the conditions of eligibility fixed in § 50. The representatives of employers and of persons insured must be the same in number. The Supervising Council shall have the right to call meetings of the Committee at any time when it judges this necessary in the interest of the association.

As local representatives of the Insurance Office there shall be appointed, from the ranks of employers and of persons insured, Fiduciaries [*Vertrauensmänner*]. The members of the Supervising Coun-

cil and the Fiduciaries may not be members of the Governing Body.

[§ 52 defines certain classes of persons insured as being yet employers so far as membership of the Committee or Council is concerned.]

§ 53. In all votes of the Committee and of the Supervising Council, the presiding officer, in case of a tie, shall have the casting vote.

*The By-laws.*

§ 54. For every Insurance Office by-laws shall be established by the Committee. These by-laws shall determine: (1) the number of members of the Committee, its duties, powers, meetings, the appointment of the chairman of the Committee, and its procedure; (2) if an Advisory Council be established, the number of its members, the mode in which it shall be established, its duties and powers; (3) the mode in which the Fiduciaries shall be appointed, and their duties and powers; (4) the form in which the Governing Body shall announce its decisions and shall affix its signature for the Insurance Office, and, in case there should be added to the public officers other members of the Governing Body (§ 47, ¶ 2), the mode in which the Governing Body shall arrive at its decision, and the mode in which it shall be represented; (5) the mode in which the Insurance Office shall be represented as against the Governing Body; (6) the number of members of the Board of Arbitration; (7) the fees which shall be paid according to § 47, ¶ 2, and § 58; (8) the presentation of the annual statements, in so far as the government of the federal state shall not have settled this; (9) the publication of these statements; (10) the newspapers through which notices shall be given; (11) the manner of amending the regulations.

§ 55. It shall be reserved to the Committee: (1) to elect the members of the Board of Arbitration; (2) to audit the annual statements and to present objections to them; (3) to determine the conditions under which reinsurance associations shall be formed (§ 65); (4) to amend the by-laws; (5) in case no Advisory Council is formed, to supervise the administration of business by the Governing Body.

[§ 56 gives the Imperial Insurance Bureau thorough control over the by-laws. If it disapproves them, and if appeal to the Bundesrath fails to reverse its disapproval, new by-laws must be framed, or else are framed by the Bureau itself and imposed on the office. §§ 57 and 58 provide that members of the Committee who deliberate on the by-laws shall receive fees; but otherwise the members of the Committee and of the Supervising Council, and the Fiduciaries, receive only their expenses. Representatives of workmen, however, receive also reimbursement of wages lost. Subsequent sections forbid, under

penalty of fine, the refusal of election to the various offices, regulate the liability of the officers, and protect representatives of workmen from discharge because of absence on their official duties.]

*Government Commissioner.*

§ 63. The federal government, in conjunction with the Chancellor of the empire, shall appoint for every Insurance Office a Commissioner, who shall represent the interests of the other Insurance Offices and of the empire. The Commissioner may attend all meetings of the officers of the Insurance Office and of the Boards of Arbitration; he may make motions against decisions by which disability is declared to exist or pensions granted (§§ 75, 77), and take any legal steps possible; he may inspect the records. He shall be given due and timely notice of the business to be considered at meetings. The Commissioner shall have similar powers over the special associations authorized in §§ 5, 7. The Bundesrath shall have the power to issue instructions to the Commissioners.

[§ 64 applies the provisions of the preceding sections to Joint Insurance Offices, with some modifications in detail. § 65 permits separate offices to unite for partial or complete reinsurance. §§ 66 to 69 regulate the mode in which new insurance districts may be formed or old ones changed, and the division of assets and settlement of disputes in such cases.]

### III. BOARDS OF ARBITRATION.

§ 70. For every Insurance Office there shall be established at least one Board of Arbitration. How many Boards there shall be, and where they shall sit, shall be determined by the government of the federal state in which the Insurance Office is established, or, in case the Insurance Office ramifies into several states, by the Imperial Insurance Bureau in consultation with the governments of the respective states.

§ 71. Every Board of Arbitration shall consist of a permanent chairman and of members. There must be at least two members from among employers and two from among the persons insured. The chairman shall be appointed from among its officials by the government of the federal state in which the Insurance Office has its seat. A substitute shall be appointed to take his place when needed. The members shall be elected by the Committee of the Insurance Office, persons insured and employers voting separately. The number of members shall be determined by the by-laws. The number from among employers and from among persons insured shall be the same.

[The next sections contain further details on the organization of the Boards of Arbitration. Election to them cannot be refused. Three members, of whom one must be an employer and one a person insured, constitute a quorum. They may examine witnesses under oath. The members get no pay; the representatives of the insured, however, have their wages reimbursed.]

#### IV. PROCEDURE.

##### *Determination of the Pension.*

§ 75. Persons who claim a pension for old age or for disability must present their claim to the lower administrative authority of their place of residence. The application must be accompanied with the receipt-card and with any other documents which may serve to substantiate it. If the application is for a pension for disability, the lower administrative authorities shall give notice to the Fiduciary appointed for that place, and to the officers of the sick association referred to in § 48, ¶ 2, to which the applicant belongs, and shall give these an opportunity to express, within a reasonable time, their opinion on the application. The lower administrative authorities shall then forward the application, the documents pertaining to it, the record of the proceedings on it, and their own official opinion, to that Insurance Office to which, as the receipt-card shows, contributions have last been paid.

The Governing Body of the Insurance Office shall then consider the application, and, if it is not to be rejected on its face, shall call in all earlier receipt-cards (§ 107). If the evidence so obtained does not warrant a decision, further inquiries are to be made, the expenses of which are to be borne by the Insurance Office.

If the application is granted, the amount of the pension is to be calculated at once. The person who is to receive it shall then be given notice in writing, in such manner that he may know in what mode the calculation was made. A copy of the decision shall be sent to the Government Commissioner (§ 63). If the application is rejected, notice in writing is to be given, with a statement of the reasons.

§ 76. An application for pension in case of disability is not to be rejected, on the assumption that the Act for Insurance against Accident will yield a pension in the case. On the contrary, the pension under this act, if it seems well founded in other respects, shall be fixed.

The Insurance Office shall then be entitled to call on the *Berufsgenossenschaft* to reimburse it for its payments to the disabled person. If the *Berufsgenossenschaft* denies that it is liable, the case shall be

settled in the manner prescribed in §§ 62, 63, of the Act of July 6, 1884, for Insurance against Accident. In default of decision in this manner, recourse shall be had to the ordinary courts of law.

§ 77. Appeal may be taken to the Board of Arbitration against a decision rejecting the application for a pension, and against the determination of its amount. The decision itself must state the term within which such an appeal must be made, and must mention the Board of Arbitration and the name and residence of its chairman. Any appeal must be presented within four weeks to the chairman of the Board of Arbitration. The appeal shall not postpone any pension awarded.

§ 78. The decision of the Board is to be communicated to the appellant and to the Governing Body of the Insurance Office, and a copy is to be given to the Government Commissioner.

[§§ 79–85 provide for a final appeal from the Boards of Arbitration to the Imperial Insurance Bureau. The procedure is carefully regulated, and the conditions under which a decision may be reversed are narrowly limited.]

§ 86. When the pension has been fixed, notice must be given by the Governing Body of the Insurance Office to the applicant, with a certificate of the sum payable to him, and a statement of the post-office (§ 91) by which payments shall be made. Notice shall also be given to the lower administrative officials of the place where the pensioner resides. If the amount of the pension is subsequently changed, another certificate and statement must be given to the pensioner, and another notice communicated to the lower administrative authorities.

#### *Division of Accounts.*

§ 87. When the amount of the pension has once been finally settled, notice of the decision to that effect, officially certified, shall be sent to the Division of Accounts (*Rechnungsbureau*) of the Imperial Insurance Bureau, the receipt-cards being enclosed with the notice.

§ 88. It shall be the duty of the Division of Accounts to undertake all calculations rendered necessary for the Imperial Insurance Bureau by this act. More particularly it shall be the duty of the Division: (1) to apportion the pensions; (2) to assist in preparing the statistics required in carrying out this act.

§ 89. The Division of Accounts shall apportion the pensions between the empire and the respective Insurance Offices. The apportionment shall take place as follows: the imperial supplement fixed by § 26 shall first be set aside; the pensions are then to be divided among the Insurance Offices in proportion to the contributions re-



ceived by them respectively on behalf of the pensioner; the empire, however, being charged with the burdens assumed by it under § 28.

§ 90. The apportionment, with a statement of the figures on which it is based, must be communicated to the Governing Bodies of the respective Insurance Offices. Each Governing Body, within fourteen days after receipt of the notice, may enter protest. If no protest is made, the apportionment is definitive. If there be protest, decision on it shall be made, after hearing given to the Governing Bodies of the Insurance Offices concerned, by the Imperial Insurance Bureau. The Governing Bodies shall be given notice of such decision. When the apportionment of the pension between the various Insurance Offices shall have been finally settled, the Division of Accounts shall send notice thereof to the Governing Body of the Insurance Office at whose instance the pension has been fixed.

[§§ 91-93 provide that pensions shall be paid through the post. After the first year, the Insurance Offices must place in the hands of the post-office a working capital, not exceeding the payments of the preceding year. § 94 applies the provisions of earlier sections, with the needed modifications, to the special associations of §§ 5-7.]

#### *Repayment of Contributions.*

§ 95. When an application for repayment of contributions is made (§§ 30, 31), the documents on which it is based shall be presented to the Governing Body of that Insurance Office to which contributions have last been paid. The procedure in such cases shall take place in the manner prescribed in §§ 75, 77-82, 87, 89, 93, with the modification, however, that the Government Commissioner shall not be permitted to interfere, and that appeal and revision have the effect of postponing the payments awarded.

#### *Amount of the Contributions.*

§ 96. For the first period of contribution (§ 20), every Insurance Office, unless there be other determination according to § 98, shall raise the following weekly contributions:—

In Wages Class 1,	14 pfennigs.
“ “ “	2, 20 “
“ “ “	3, 24 “
“ “ “	4, 30 “

§ 97. For the periods of contribution after the first, the amount of the contribution shall be decided on the basis prescribed in §§ 20, 21, 24, by the Committee of each Insurance Office, after a hearing to the Governing Body. In so doing, excesses or deficits which may result from the earlier contributions shall be wiped out by the later contributions. These settlements must be approved by the Imperial

Insurance Bureau. If no settlement is made within a month of the close of the period of contribution, the Imperial Insurance Bureau shall fix the amount of the contributions for the next following period for all persons insured by the Insurance Office, on the basis specified in § 24. The amount of the contributions, and the date when they shall begin, are to be published in the same manner as other official notices of the Insurance Offices. The publication must take place, at the latest, two weeks before the date when the contributions are to begin.

§ 98. The Insurance Office shall have the power to fix for the first period of contribution, or for a part of it, contributions different from those specified in § 96, having regard always to the requirements of §§ 20, 21, and 24. Such a change must be approved by the Imperial Insurance Bureau, and shall in any case be subject to the requirements of § 97.

*Stamps.*

§ 99. For the purpose of collecting the contributions, every Insurance Office shall issue, for the wages classes which exist within its district, stamps, each good for a certain sum. The Imperial Insurance Bureau shall determine the form and color of the stamps, and the length of time for which they shall be valid. Stamps which have ceased to be valid can be exchanged at the usual places of issue, within two years after their validity has ceased, for valid stamps.

Insurance Office stamps shall be on sale at every post-office in the district, and at such other places as may be designated, and shall be sold for their face value.

*Payments of the Contributions.*

§ 100. The contributions of the employers and of the insured shall be paid by that employer who has hired the person insured during the calendar week. If the same employer does not hire the person throughout the week, the full weekly amount shall be paid by that employer who has hired the workman first. If the number of days during which work was done cannot be determined, contribution is to be made for as many days as would be presumably needed for the work done. If there be dispute, the lower administrative authorities, on the application of either party, shall decide without appeal. The Insurance Office may issue special regulations on the determination of contributions of this sort, subject, however, to the approval of the Imperial Insurance Bureau.

*Receipt-cards.*

§ 101. The payment of the contribution takes place by stamps pasted on to the receipt-cards of the person insured. If such person

is not provided with a receipt-card, the employer may buy one on his account, deducting its cost from the next payment of wages.

Every receipt-card shall have on its face the year and day of its issue, the regulations in regard to its use (§ 108), and the penal provision of § 151. For the rest, its form shall be fixed by the Bundesrath. The expenses of the receipt-card, in so far as they may not be chargeable to the person insured by ¶ 1 of this section, shall be borne by the Insurance Office of the district of issue.

§ 102. On every receipt-card there shall be room for pasting the stamps of forty-seven weeks of contribution. The cards of each person insured shall be numbered successively. The first card issued to him shall have at its head the name of the Insurance Office in whose district he is then employed. Every card thereafter shall have at its head the name of that Insurance Office which is written at the head of the card next preceding. If the name on a later card is different from the name on the first card, the name on the first card shall be decisive. The person insured shall have the right at any time to get at his own expense a new receipt-card in exchange for his old one.

§ 103. The issue and exchange of receipt-cards shall take place at offices to be designated by the federal government. The offices so designated shall reckon up the face value of the stamps pasted on the cards, in such manner that it shall appear how many weeks of contribution in each wages class are to be credited to the bearer of the card. At the same time, the duration of certified sickness and of military service is to be stated. A certificate of the total arrived at in this way shall be given to the bearer of the card.

§ 104. A receipt-card ceases to be valid unless handed in for exchange before the close of the third year following the year inscribed at the head of the card, under § 101. If there be grounds for assuming that the person insured has failed without fault of his own to present the card exchanged, the Governing Body of the Insurance Office of the place of his employment may yet accept his receipt-card as valid.

§ 105. Receipt-cards which have been lost, defaced, or destroyed, are to be replaced with new ones. Such new receipt-card shall have inscribed upon it, with official attestation, the amount of such contributions as may be proved to have been paid up to the date of the loss.

§ 106. The person insured, within two weeks after receiving his certificate under § 103 or a new receipt-card under § 105, may protest against the contents of the certificate or new card. If his protest be not regarded, he may appeal within another two weeks to the

authority having primary jurisdiction over matters of employment. This authority shall decide finally.

§ 107. Receipt-cards, when turned in at the designated offices, shall be sent to the Insurance Office of the district, and by this Insurance Office shall be forwarded to the Insurance Office whose name is inscribed at their head.

The Bundesrath shall decide under what conditions receipt-cards shall be destroyed.

§ 108. It shall be unlawful to enter on a receipt-card any expression as to the conduct or capacity of its bearer, or any entries other than those provided for by this act. Receipt-cards containing such entries or expressions shall be retained by the authorities into whose hands they come. The authorities in such case shall cause new cards to be issued in the manner prescribed in § 105. The employer, or any third person, is forbidden to retain the receipt-cards in his hands after the stamps have been pasted on them; but this provision shall not apply to the revision of the cards by the authorities or their agents for purposes of exchange, accounting, correction, or transfer. If receipt-cards are retained in violation of this provision, the local powers shall take them from the refractory person and return them to their owners. The recusant shall be liable to the owner for all damages arising from his refusal.

§ 109. The employer shall paste on the receipt-card, at every payment of wages, stamps of the amount due according to § 100 for the wages class of the persons insured by him (§ 22). If contributions differ for different occupations (§ 34), stamps shall be pasted in for the amount settled for each occupation by the Insurance Office of the place of employment. The employer must procure the stamps at his own expense.

The stamps must be pasted continuously on the receipt-card. The Bundesrath shall prescribe in what manner stamps shall be cancelled, and fix penalties for failure to cancel them.

The employers shall be entitled at every payment of wages to deduct one-half the contributions paid on account of the persons employed by them. The deductions may extend at any one time to those contributions only which were due for the last two payments of wages.

§ 110. The payment of contribution on behalf of those persons to whom the compulsion to insure is extended by § 2 shall be regulated by the Bundesrath.

§ 111. The Bundesrath may determine generally, or any Insurance Office may determine in regard to persons insured in its own district, that persons who are not regularly in the service of any one employer

may pay their contributions in advance, in place of payment by the employers. If a person insured has, on the basis of regulations of this sort, paid full weekly contributions, the employer who would be liable to payment of contributions under § 100 shall be liable to the person insured for one-half of the contributions so paid.

§ 112. The government of the federal state, or with its consent any Insurance Office through its by-laws, or with the consent of the higher administrative authorities any communal association or commune, may vary the provisions of § 109 as follows:—

(1) It may be provided that the contributions of those insured persons who belong to a sick association (§ 135) shall be collected by such association from the employers, the sick association pasting on to the receipt-cards stamps to the amount of the contributions collected by it.

(2) It may be provided that the contributions for those persons who belong to no sick association may be similarly collected by the communal authorities, by other agents designated by the governments of the federal state, or by local collection agencies established by the Insurance Offices.

In cases of this sort, regulations can be issued requiring notice from the employer of employment and discharge, under penalty of fines not exceeding 100 marks.

If measures of this sort have been taken for the collection of contributions, the employers are entitled to deduct from the wages of the persons employed by them one-half the contributions falling due for two periods of payment.

The Insurance Offices must furnish the sick association, or other agents for collecting contributions, with the stamps they may need, and shall pay them a commission, to be determined by the government of the federal state.

§ 113. If regulations such as are permitted by § 112, ¶ 1, have been made, further regulations can similarly be made as follows: (1) that the issue and exchange of receipt-cards (§§ 103 and 105) shall be undertaken by the agents delegated to collect the contributions; (2) that the contributions of those insured persons who are hired for less than one week shall be paid, one-half directly by the insured, one-half by the communal association or commune, the second half being then collected from the employers.

§ 114. The measures permitted by § 112, ¶ 1, and § 113, can be adopted for a sick association (§ 135) by its by-laws; and they can be adopted for those insured persons who belong to a sick association established for an industry carried on by the empire or the federal state, by the officers in charge of such associations.

§ 115. The persons insured may deposit their receipt-cards at the agency for collecting contributions, so long as they are insured in the district to which the agency belongs.

§ 116. In the division of contributions between employers and persons insured, any fractions of pfennigs shall be counted as full pfennigs for the employer; while the person insured shall pay his contribution minus fractions of pfennigs.

*Voluntary Continuation of Insurance.*

§ 117. Persons who cease to have part in the insurance system may yet continue to adhere to it voluntarily, or may renew their adherence to it (§ 32, ¶ 2). They may do so by paying to that Insurance Office in whose district they reside the contributions fixed for Wages Class 2, provided that they also add, for each week of voluntary contribution, a supplementary stamp. During any single calendar year, no more than fifty-two weeks of contribution can be credited to them.

In regard to the waiting-time for the pension in case of disability, contributions so paid voluntarily for the continuation or renewal of adherence to the insurance system can only be counted if contributions for 117 weeks of contributions have already been paid, either compulsorily for the insured or under the provisions of § 8.

The stamps issued under ¶ 1 of this section shall be cancelled. Cancellation shall take place at agencies to be designated by the federal governments, on condition, however, that the required amount in supplemental stamps has been added.

§ 118. Independent employers, not employing regularly more than one workman, on whose account there shall have been paid compulsory contributions under this act for at least five years of contribution, shall be freed from the obligation of adding supplemental stamps in case they continue or renew their adherence to the insurance system.

§ 119. If a person insured under this act has been once employed, and if his employment ceases in such manner that compulsory insurance ceases for the time being, his adherence to the insurance system may be continued for the period of four months, without any obligation to add supplemental stamps, if either the employer or the person insured continues to pay the former contributions.

*Self-insurance.*

§ 120. Persons who insure themselves under the provisions of § 8 shall pay to the Insurance Office in whose district they are employed, in addition to the full contribution, a supplementary stamp for each week of self-insurance. The stamps for the regular contributions

and the supplementary stamps are to be cancelled in the manner prescribed in § 117.

*Supplementary Stamps.*

§ 121. Supplementary stamps are issued on account of the empire. Their value is designated on their face; and they shall be distinguished by form and color, in such manner as the Imperial Insurance Bureau shall judge expedient, from the stamps of the Insurance Offices.

These supplementary stamps can be bought, until further determination by the Bundesrath, for their face value at all post-offices and at all agencies established by the Insurance Office for the sale of stamps. The face value of the supplementary stamps shall be eight pfennigs per week of contribution.

[§§ 122-125 provide for the decision by the lower administrative authorities of disputes as to the amount of contributions payable for particular persons, and for such correction of receipt-cards as may be called for by the decisions. An appeal lies to the higher administrative authorities.]

*Checks.*

§ 126. Regulations for checking the administration of the system may be issued by the Insurance Office, subject to the approval of the Imperial Insurance Bureau. The office may compel the employers to obey these regulations, under penalty of fine not exceeding 100 marks. The Imperial Insurance Bureau may order the issue of regulations of this sort, and, if its order be not obeyed, may issue them itself.

The employers must, on request, inform representatives of the Insurance Offices, and the public officers in whose hands the system of checks has been put, of the number of persons employed by them, and the duration of the employment. They must permit access, during working hours, to their establishments, and to the books and accounts by which these facts may be ascertained. Similarly, persons insured must give information in regard to the character and duration of their employment. The employers and the persons insured must, moreover, hand in the receipt-cards on demand, that corrections may be made or certificates prepared or checks applied. They may be compelled to do so by the lower administrative authorities, under penalty of fine not exceeding 300 marks.

§ 127. Corrections on the receipt-cards, if the persons concerned are agreed on them, may be made in the manner specified in § 125 by the authorities who administer the system of checks, or by the bodies which collect the contributions. In the absence of such agreement, corrections may be entered after settlement of disputes in the manner prescribed in §§ 122-124.

§ 128. All costs arising from the system of checks shall be borne by the Insurance Offices. The Governing Body of the Insurance Office may impose on the employer expenses directly caused by his failure to fulfil the duties imposed upon him. He may appeal from an order to this effect, within two weeks after notice of it has been given him, to the lower administrative authority (§ 122), whose decision shall be final. Costs of this sort shall be collected by the same process as communal taxes.

*Administration of the Funds.*

§ 129. The disposable funds of the Insurance Offices are to be invested at interest, according to the provisions of § 76 of the Act for Insurance against Accident.

On application of the Insurance Office, the communal association or the Governing Body of the federal state, as the case may be, may grant permission, subject, however, to revocation, to invest the funds of the office in other interest-bearing securities or in land. In case of Joint Insurance Offices whose constituent parts cannot come to agreement, applications of this sort are decided by the government of the federal state, or, if there be several federal governments concerned, by the Bundesrath. But in no case shall more than one-fourth of the property of any Insurance Office be so invested. The government of that federal state in whose territory the Insurance Office has its seat shall issue regulations for the deposit of cash and securities at public offices or agencies.

§ 130. Every Insurance Office shall send to the Imperial Insurance Bureau, in the form and at periods to be determined by it, general statements of its affairs and accounts. The form of the accounts to be kept by the Insurance Offices shall be regulated by the Imperial Insurance Bureau. The insurance year shall be the calendar year.

V. SUPERINTENDENCE.

*The Imperial Insurance Bureau.*

§ 131. The Insurance Offices are subject to the superintendence of the Imperial Insurance Bureau. Its right of superintendence extends also to the observance of all regulations and by-laws.

All decisions of the Imperial Insurance Bureau are final, unless otherwise specified in this act.

The Imperial Insurance Bureau may at any time inspect and examine the accounts of the Insurance Office. The members of every Governing Body, and other representatives of Insurance Offices, must produce, on the demand of the Imperial Insurance Bureau, their books, vouchers, securities, cash, and all papers bearing on the con-



tents of the books or on the assignment of pensions. For this purpose, and for the enforcement of law and all regulations made under it, the Imperial Insurance Bureau may impose fines not exceeding 1,000 marks.

[§§ 132, 133, define further the powers of the Imperial Insurance Bureau, and its procedure. § 134 gives similar powers to Federal Insurance Bureaus in states where there are such.]

## VI. CONCLUDING PROVISIONS; PENALTIES; PERIOD OF TRANSITION.

[§ 135 defines what are sick associations in the sense of this act. § 136 makes some special provisions for seamen. §§ 137-141 regulate various details in the machinery, make dues of the Insurance Offices collectable like communal taxes, exempt from stamp taxes all documents connected with the insurance system, require the public authorities to give to the Imperial Bureau or to the Insurance Offices any information they may require, and impose the same obligation on the *Berufsgenossenschaften*, on sick associations, and on Insurance Offices, as between themselves. §§ 142-155 prescribe the penalties by which the act is to be enforced. Employers are subject to fine, if they fail to give the information Insurance Offices require, or fail to paste the proper amount of stamps on cards of the persons employed by them. They may be punished by fine or imprisonment if they endeavor to contract themselves out of the act, and such contracts are void. They are similarly punished by fine or imprisonment for making other than the legal entries on the receipt-cards. The various officers and representatives are subject to fine and imprisonment, if they have revealed business secrets. The counterfeiting of the insurance stamps is punished heavily. Persons who insure themselves or insure voluntarily under §§ 8 and 117 are subject to fine, if they fail to supply the supplementary marks which they are required to procure.]

### *Period of Transition.*

§ 156. For those persons insured who may become disabled during the first five years after this act takes effect, and for whom the legal contributions have been paid compulsorily during one year of contribution, the waiting-time for the pension in case of disability (§ 16) shall be diminished by that number of weeks for which they shall be proved to have been in an employment which under this act would give rise to compulsory insurance, provided, however, that only weeks of employment within five years before this act takes effect shall so count. This section shall not apply to the persons designated in § 8.

In fixing the average wages (§ 9, ¶ 3), the first wages class shall be reckoned for that length of time by which the waiting-time is diminished.

The provisions of § 117, ¶ 2, shall not apply to those contributions which are paid voluntarily during the first four years after this act takes effect.

§ 157. For persons who have completed the fortieth year of life at the time when this act takes effect, and who shall prove that during the three calendar years preceding such time they have been actually employed at least one hundred and forty-one weeks in an occupation which would give rise to compulsory insurance under this act, the waiting-time for the pension in case of old age shall be diminished by as many years of contribution as their own years of life exceed forty at the time when this act takes effect, anything to the contrary in § 32 notwithstanding.

§ 158. Periods of sickness, as defined in § 17, ¶ 2, and periods of military service, shall be considered equivalent to periods of employment, as defined in §§ 156, 157.

A period of interruption in work, such as is provided for in § 119, shall also be counted as a period of employment, provided the interruption in any calendar year does not extend beyond four months.

§ 159. Old age pensions granted under § 157 within the first ten years after the act takes effect shall be calculated as follows: for the period before the act takes effect, that wages class shall be taken into account to which the person insured would belong according to his average annual earnings during the one hundred and forty-one weeks required by § 157, provided that the rate be not lower than that of Wages Class 1; for the period after the act takes effect, that wages class shall be taken into account which appears from the contributions actually paid on his behalf (§ 26, ¶ 2).

For all pensions granted later than ten years after the act takes effect, the pensions shall be based upon that wages class which appears from the contributions paid after the act takes effect. If during this period contributions have been paid in different wages classes, the time during which payments have been made in each class shall count in the proportion it bears to the total time for which contributions were paid.

§ 160. In dividing the pensions granted during the first fifteen years after this act takes effect between the different Insurance Offices, the Division of Accounts shall act as follows: every Insurance Office within whose district the person insured has been employed during the fifteen years immediately preceding the date when this act takes effect shall contribute to his pension as if during

this time contributions had been paid on behalf of that person in Wages Class 1.

Every Insurance Office which is in this way burdened with part of the pension shall have the right, after receiving the notice described in § 90, and within the term of two weeks, to prove that an employment such as is described in ¶ 1 of this section had existed in the district of some other Insurance Office also. This proof, under penalty of not being received, must be furnished within three months of the end of the two weeks' term.

Before a distribution is made, a hearing must be given to those Insurance Offices to whom the previous employments would assign a burden. Should these latter object, the Imperial Insurance Bureau shall settle whether and how far they are to be drawn on.

§ 161. The proofs required in §§ 157 and 160 may be given by certificates from the lower administrative authorities of the respective places of employment, or may be given by an attested affidavit of the employers.

§ 162. Those provisions of the present act which bear on the preliminary arrangements necessary for carrying out insurance in case of disability and old age shall take effect on the day on which this act is proclaimed. The date on which the other provisions of the act take effect, wholly or partly, shall be determined by imperial order, with the approval of the Bundesrath.

The provisions of § 99, ¶ 2, and § 121, ¶ 2, take effect in the Kingdoms of Bavaria and Würtemberg only with the consent of these federal states.